DEPARTEMENT TOEGEPASTE ECONOMISCHE WETENSCHAPPEN

ONDERZOEKSRAPPORT NR 9660

Policy Making and Commission Appointment in the European Union

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D/1996/2376/60

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Abstract

This paper presents spatial models of Commission appointment and EU policy making. The theory characterizes sets of effective Commissions, i.e., Commissions that can be appointed and can successfully propose their own ideal policies, and sets of successful proposals, i.e., proposals that can become EU policy. It also determines equilibrium EU Commissions and policies. The paper focuses on the Commission's role in EU policy making and discusses how recent institutional developments have affected its powers. It concludes that the Parliament's increased role in Commission appointment and policy making has limited the sets of effective Commissions and the sets of successful proposals.

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* University of Leuven, Belgium. I would like to thank David Baron, and participants at the Annual Meetings of the American Political Science Association, San Francisco, California, August 1996 and the Workshop on "Creating Countervailing Institutions in Europe," University of St. Gallen, Switzerland, September 1996.

1. Introduction

The legislative procedures of the European Union (EU) have been the object of considerable attention during the past years. The literature includes theoretical analyses of the procedures, amongst others by Tsebelis (1994), Steunenberg (1994) and Crombez (1996, 1997). In these models equilibrium EU policies depend on the preferences of the Commission, the Parliament and the member countries, and these preferences are assumed to be exogenous.[1]

This paper is a first attempt at analyzing one of the elements that shape the preferences of one of the institutions. In particular, it endogenizes the Commission's preferences by studying the Commission appointment process. The Commission is appointed by the Parliament and the countries. Its preferences can thus be expected to depend on the preferences of the countries and the Parliament, and on the structure of the Commission appointment process.

I introduce a spatial model of Commission appointment and EU policy making, and assume that the countries and the Parliament have Euclidean preferences over an *n*-dimensional policy space, i.e., they each have an ideal policy and they prefer policies that are closer to, rather than farther away from, their ideal policies. The countries and the Parliament decide on an EU Commission and an EU policy in a sequential game with

complete and perfect information. First, they choose a Commission. Subsequently, they choose an EU policy together with the Commission. They have preferences over EU policy and care about the Commission only because it affects EU policy. Therefore, they think ahead and look at the policy making process when they appoint a Commission. Whether they vote in favor of the Commission depends on the policy they expect it to implement. Since they have complete and perfect information, they can anticipate which policy the Commission will successfully propose.[2]

The theory characterizes sets of effective Commissions, i.e., Commissions that can be appointed and can successfully propose their own ideal policies, and sets of successful proposals, i.e., proposals that can become EU policy. These sets are a function of the ideal policies of the countries and the Parliament, and the location of the status quo.

I examine the consequences of the institutional reforms of the past five years, in particular the Parliament's greater role in the appointment of the Commission and in the legislative processes. The Parliament has obtained veto power in the Commission appointment process, and can amend Commission proposals under the new co-decision procedure. These institutional changes were introduced to enhance the democratic functioning of the EU. I show that they have also reduced the sets of effective Commissions and the sets of successful proposals.

In the next section I introduce the model. The third section characterizes the sets of successful proposals and the equilibrium policies under the two principal legislative procedures: the consultation and co-decision procedures.[3] In the fourth section I derive the sets of effective Commissions and the equilibrium EU Commissions under both procedures. The fifth section presents the conclusions.

2. The Model

I present a spatial model of Commission appointment and EU policy making. Alternative EU policies are represented by points in an *n*-dimensional policy space. Each dimension corresponds to a specific policy issue, such as the allowable noncocoa fat level in chocolate or the length of daylight saving time. EU policy making can then be thought of as choosing a point in the policy space.

I assume that countries have Euclidean preferences over the EU policy $p(p^1,\ldots,p^n)$, with ideal policy $\hat{p}_k(\hat{p}_k{}^1,\cdots,\hat{p}_k{}^n)$ for country k.[4] I refer to the EU policy p^i on dimension i as the i-policy, and to country k's ideal policy $\hat{p}_k{}^i$ on dimension i as country k's ideal i-policy.[5] Parliamentarians and potential Commissioners are also assumed to have Euclidean preferences over EU policy.

The general structure of the model is summarized in Figure 1. The countries, as represented in the Council, and the Parliament first form a Commission. There are three steps in the Commission appointment process: (1) the countries nominate a Commission President, (2) the nominated Commission President and the countries nominate the other Commissioners, and (3) the Parliament and the countries appoint the Commission.When the Commission is formed, the Commission, the Parliament and the countries together decide on an EU policy. For the policy making process I consider the two principal legislative procedures: the consultation and co-decision procedures.

----- Figure 1 about here-----

The EU treaties do not specify any further how the Commission President and the other Commissioners are nominated in the first two steps of the Commission appointment process. I make specific, simplifying assumptions concerning the first two steps, and focus on the third step, the actual appointment of the Commission. The conclusions concentrate on the sets of effective Commissions and successful proposals. The specific assumptions do not alter these sets, because the sets depend on the third step and on the policy making process. In the subsequent paragraphs I discuss the sequential structure of the model in more detail.

The first step of the Commission appointment process, the nomination of the Commission President is shown in Figure 2. In the first stage Nature selects the country k that is to propose a Commission President. Country k's selection probability could, for example, be equal to its share of Commissioners.[6] In the third stage the countries vote on the proposed Commission President. If all countries vote in favor, the proposed Commission President is nominated and the Commission appointment process continues. Otherwise, the status quo prevails.[7] The status quo is either the policy agreed on under a previous Commission, or the result of existing national policies. On the daylight saving time issue, for example, the status quo would be daylight saving time from the last weekend of March until the last weekend of October. On the chocolate issue, the status quo would be the absence of an internal market.

-----Figure 2 about here-----

Figure 3 presents the second step of the Commission appointment process, the nomination of the other Commissioners. First Nature selects the country l that is to propose the second Commissioner. Country l's selection probability could, for example, be equal to its share of the Commissioners that still need to be nominated. Next, the nominated Commission President can accept or reject the proposed Commissioner. If he accepts, the proposed Commissioner is nominated. If he rejects, he nominates a Commissioner instead.[8] This process is repeated until the required number of Commissioners, currently 20, has been nominated.[9]

-----Figure 3 about here-----

Figure 4 shows the third step of the Commission appointment process, the actual appointment of the Commission. The countries and the Parliament vote on the nominated Commission as a whole. They do not vote on individual Commissioners separately. If all countries and the Parliament vote in favor of the nominated Commission, it takes office. Otherwise, no Commission is formed and the status quo prevails.

-----Figure 4 about here-----

After the appointment of the Commission the countries and institutions turn their attention to policy making. I assume that n policy issues arise during the Commission's term and that the countries and institutions deal with these n policy issues one issue at a time.[10] Since the countries, the Parliamentarians and the Commissioners have Euclidean preferences, their preferences over the i-policy are independent of the EU policies on other dimensions. Country k's utility, for example, decreases as the i-policy moves farther away from country k's ideal i-policy $\hat{p}_k^{\,i}$, whatever the EU policies on the other dimensions are. As a result, EU policy making on dimension i can be studied as if it were the only relevant dimension.

The Commission and the Parliament use simple majority rule, and there are no restrictions on amendments. As a consequence, the analysis of policy making on dimension i can be simplified by focusing on the ideal i-policies of the i-median Commissioner and the i-median Parliamentarian. Suppose the i-status quo q^i is to the right (left) of the i-median Commissioner's ideal i-policy $\hat{p}_c{}^i$. The i-median Commissioner and all Commissioners on his left (right) then want a move to the left (right). There is thus a majority for such a move. As a result, any i-policy is defeated in the Commission by i-policies that are closer to the i-median Commissioner's ideal i-policy, and the i-median Commissioner's ideal i-policy defeats any other i-policy. Similar reasoning applies to voting in the Parliament. With respect to policy making on dimension i the Commission and the Parliament can thus be treated as unitary actors with ideal i-policies equal to their i-median voters' ideal policies, $\hat{p}_c{}^i$ and $\hat{p}_p{}^i$ respectively.[11]

The Council is not represented as a unitary actor because it uses qualified majority rule. Nonetheless, the analysis of policy making on dimension i can be simplified by focusing on the countries that are i-pivotal under the qualified majority rule. To defeat the status quo and move EU policy to the right on dimension i the support of the country with the i-median vote (the 44th vote) and all countries to its right is not sufficient. Under qualified majority rule 62 out of a total of 87 votes are needed.[12] The i-pivotal country a^i thus has an ideal policy to the left of the country with the i-median vote. In particular, country a^i is the country with the 26th vote (from the left). Country a^i and the countries to its right

then have 62 votes, and the countries to its right do not constitute a qualified majority without country a^i. Similarly, the country b^i that is i-pivotal for a move to the left has an ideal i-policy to the right of the country with the i-median vote. It is the country with the 62nd vote (from the left).[13]

Policy making on dimension i starts with a proposal from the Commission. The Commission proposal goes through one of the EU's legislative procedures. The model focuses on the consultation and co-decision procedures. Crombez (1996) presents a model of the consultation procedure, and Crombez (1997) studies the co-decision procedure. This model uses simplified versions of those models.

The consultation procedure is shown in Figure 5. First, the Commission proposes a policy. Next, the countries vote on the Commission proposal in the Council. The proposal is adopted if a qualified majority in the Council supports it. If the proposal does not obtain a qualified majority, the status quo prevails.[14]

----- Figure 5 about here-----

The co-decision procedure is shown in Figure 6. In the first stage the Commission proposes a policy. In the second stage the Parliament can offer a joint text.[15] If the Council accepts the joint text by a qualified majority in the third stage, the joint text becomes EU policy. If the Parliament does not propose a joint text or the Council rejects

it, the Parliament votes on the Commission proposal in the fourth stage. If the Parliament accepts the proposal and the Council confirms it by a qualified majority in the final stage, then the proposal becomes EU policy. Otherwise, the status quo prevails.

----- Figure 6 about here-----

The model incorporates complete and perfect information. The countries, the Parliament and the Commission know each other's preferences, the location of the status quo, the impact of proposed policies, the sequential structure of the model, and the actions taken in prior stages of the model. They know which issues they will be addressing during the Commission's term.[16]

An equilibrium consists of a strategy for each country, the Parliament and the Commission. Strategies tell the countries, the Parliament and the Commission what actions to choose in the relevant stages of the procedure, given the actions taken in prior stages. Thus, a strategy for the Commission tells the Commission what proposals to make on the n policy issues. Countries' strategies tell them which Commission President and Commissioners to propose, how to vote on the nomination of the Commission President, on the Commission appointment, on the Commission proposals, and on the Parliament's joint texts under the co-decision procedure. The Parliament's strategy says how to vote on the Commission appointment, what joint texts to propose and how to vote on the Commission proposal under the co-decision procedure.

The equilibrium concept is subgame perfect Nash. In a Nash equilibrium, no country or institution can increase its utility by choosing another strategy, given the other countries' and institutions' strategies. In a subgame perfect Nash equilibrium, countries and institutions can do no better than stick to their strategies in any stage of the procedure, even if a country or institution deviated from its strategy in a prior stage.

3. Policy Making

In this section I characterize the sets of successful proposals and the equilibrium EU policies for any configuration of ideal policies and for any location of the status quo. I study the consultation and co-decision procedures. For each procedure I first look at policy making on a single dimension *i.* As mentioned above, policy making on dimension *i* can be studied as if it were the only relevant dimension. I go through the different steps of the procedure, determine the set of successful *i*-proposals and the equilibrium *i*-policy, and I analyze the equilibrium *i*-policy as a function of the location of the Commission's ideal *i*-policy. Subsequently, I look at the entire policy space and characterize the set of successful proposals and the equilibrium EU policy in the *n*-dimensional policy space.

3.1 Policy Making under the Consultation Procedure

The Commission starts policy making on dimension i by proposing an i-policy p^i, as shown in Figure 5. It wants the i-policy to be as close to its ideal i-policy as possible. This does not imply, however, that the Commission proposes its ideal i-policy. The Commission understands the role the Council plays in the next stage of the procedure and takes this into account when it makes its proposal. It thinks ahead and looks at the second stage to find out which proposals will be successful. In equilibrium the Commission proposal is thus based on its expectations about what will happen in the subsequent stage.

In the second stage the countries vote on the Commission proposal in the Council. They compare it to the status quo. A qualified majority then approves the Commission proposal if a qualified majority prefers it to the status quo. The set CS^i of successful i-proposals under the consultation procedure, i.e., the set of i-policies that the Commission can successfully propose, is thus the set of i-policies that are preferred to the status quo by a qualified majority in the Council.

To illustrate policy making on dimension i I use the configuration of ideal i-policies shown in Figure 7. Country a^i, the Parliament and the Commission, with ideal i-policies

$\hat{p}_a{}^i$, $\hat{p}_p{}^i$ and $\hat{p}_c{}^i$ respectively, have ideal *i*-policies to the right of the status quo. For simplicity, the status quo q^i is assumed to be equal to zero. The Parliament has an ideal *i*-policy to the left of countries a^i and b^i that are pivotal under the qualified majority rule, whereas the Commission is located more to the right. The configuration of ideal *i*-policies was chosen because it is not unlike the actual configuration in a left-right policy space and because it clearly demonstrates the differences between the procedures.

----- Figure 7 about here-----

In Figure 7 country a^i and thus a qualified majority prefer a move to the right. The set CS^i of successful proposals is then the set of *i*-policies country a^i prefers to the status quo. This set contains all *i*-policies that are closer to country a^i's ideal *i*-policy than is the status quo.

In the first stage the Commission successfully proposes the *i*-policy $p_{cs}{}^i$ that belongs to the set CS^i and is closest to its ideal *i*-policy. The *i*-policy $p_{cs}{}^i$ is approved by a qualified majority in the Council and thus becomes the equilibrium *i*-policy. In Figure 7 the equilibrium *i*-policy is the Commission's ideal *i*-policy, i.e., $p_{cs}{}^i = \hat{p}_c{}^i$.

Figure 8 shows the equilibrium *i*-policy under the consultation procedure as a function of the location of the Commission's ideal *i*-policy. If the Commission's ideal *i*-policy is

located in the set CS^i, as in Figure 7, the Commission successfully proposes its ideal *i*-policy. The equilibrium *i*-policy can then be represented by a diagonal line: it is equal to the Commission's ideal *i*-policy. If the Commission's ideal *i*-policy is to the right of the set CS^i, the Commission cannot successfully propose its ideal *i*-policy because country a^i prefers the status quo. There is thus no qualified majority in favor of the Commission's ideal *i*-policy. The Commission then proposes the *i*-policy $2\hat{p}^i{}_a$ that makes country a^i indifferent to the status quo. If the Commission's ideal *i*-policy is to the left of the set CS^i, country a^i and the Commission want to move in opposite directions. As a result, the status quo prevails.[17]

-----Figure 8 about here-----

The *n* *i*-proposals that the Commission makes during the policy making process can be thought of as constituting a proposal in the *n*-dimensional policy space. Such a proposal is then successful if each of its *i*-proposals is successful. The set *CS* of successful proposals is thus the set of policies such that each of its *i*-policies is preferred to the status quo by a qualified majority, i.e., $CS = \left\{ p\left(p^1, \cdots, p^n\right) \; s.t. \; p^i \in CS^i, \forall i \right\}$.

Figure 9 shows the set *CS* for a particular configuration of ideal policies in a two-dimensional policy space. In Figure 9 the two policies that the EU is addressing during the Commission's term are (1) economic policy (market liberalization) and (2) social

policy (cohesion). The ideal policies of the countries and the Parliament were chosen for illustrative purposes but correspond to reality. The "southern" countries (Spain, Greece, Ireland, Italy and Portugal) want to move far on cohesion, but want little change on market liberalization. They have a total of 31 votes in the Council. The United Kingdom, with 10 votes, wants a lot more liberalization, but little change on cohesion. The "core" countries (Belgium, Germany, France, Luxembourg, the Netherlands and Austria), as well as the "northern" countries (Denmark, Finland and Sweden) have intermediate positions on both issues. They have 36 and 10 votes respectively. The Parliament's ideal policy is between the ideal policies of the core and the southern countries. The southern countries are pivotal on market liberalization, whereas the core countries are pivotal on cohesion. The set *CS* is then the set of policies that are preferred to the status quo on market liberalization by the southern countries and on cohesion by the core countries.

-----Figure 9 about here-----

During the policy making process the Commission successfully proposes the policy p_{cs} that belongs to the set *CS* and is closest to its ideal policy. Suppose the Commission's ideal policy is equal to the core countries' ideal policy in Figure 9. The Commission can then successfully propose its ideal policy on cohesion, since the core countries are pivotal on cohesion. The Commission cannot successfully propose its ideal policy on market liberalization however. The southern countries are pivotal on market liberalization and they prefer the status quo to the Commission's ideal policy. On liberalization the

Commission then proposes the policy $2\hat{p}_a{}^1$ that makes the southern countries indifferent to the status quo. In Figure 9 the Commission thus successfully proposes the policy $p_{cs}\left(2\hat{p}_a{}^1, \hat{p}_a{}^2\right)$. Any Commission with an ideal policy on the dotted line would successfully propose the same policy.

3.2 Policy Making under the Co-Decision Procedure

Again, I first look at policy making on a single dimension *i*. The last two stages of the procedure, as shown in Figure 6, are reached if the Parliament and the Council fail to agree on a joint text. In the last two stages the Parliament and the Council vote on the Commission proposal. They compare the proposal to the status quo. A qualified majority in the Council then approves the proposal if it belongs to the set CS^i. The Parliament approves the proposal if it belongs to the set EP^i of *i*-policies the Parliament prefers to the status quo. For approval in the last two stages of the procedure, the proposal thus needs to be preferred to the status quo by a qualified majority in the Council and by the Parliament.

In Figure 10 country a^i prefers an *i*-policy to the right of the Parliament's ideal *i*-policy. It wants to move farther away from the status quo than the Parliament. A proposal that is

approved by the Parliament is then also confirmed by a qualified majority in the Council. In Figure 10 the set of proposals that are successful in the last two stages of the procedure is thus the Parliament's acceptance set EP^i.

-----Figure 10 about here-----

Suppose the Commission proposal is preferred to the status quo by the Parliament and by a qualified majority in the Council. Such a proposal does not necessarily reach the last two stages of the procedure. In the second stage the Parliament can propose a joint text, and this joint text becomes the *i*-policy if a qualified majority in the Council approves it in the third stage. Since the countries think ahead, they compare the joint text to the proposal in the third stage. The joint text is then adopted if a qualified majority prefers it to the Commission proposal.

The Parliament can thus successfully propose a joint text in the second stage if there are *i*-policies that a qualified majority prefers to the proposal. The Parliament uses this opportunity if it can successfully propose a joint text the Parliament itself prefers to the proposal. As a result, the Commission proposal does not reach the last two stages of the procedure if there are *i*-policies that the Parliament and a qualified majority prefer to it. The set CD^i of successful proposals under the co-decision procedure is thus the set of policies that satisfy the following requirements: (1) they are preferred to the status quo by the Parliament and a qualified majority, and (2) no *i*-policy is preferred to them by the

Parliament and a qualified majority. The set CD^i is thus a subset of the set CS^i of successful proposals under the consultation procedure.

In Figure 10 the Parliament successfully proposes a joint text if the Commission proposal is to the left of its ideal *i*-policy. The Parliament, country a^i and thus a qualified majority then prefer an *i*-policy to the right of the proposal. If the proposal is to the right of country b^i's ideal *i*-policy, the Parliament also successfully proposes a joint text. The Parliament, country b^i and thus a qualified majority then prefer an *i*-policy to the left of the proposal. If the proposal is between the ideal *i*-policies of the Parliament and country a^i, the Parliament cannot successfully propose a joint text. The Parliament prefers *i*-policies to the left of the proposal, whereas a qualified majority in the Council prefers *i*-policies to the right. If the proposal is between the ideal *i*-policies of countries a^i and b^i, the Parliament cannot successfully propose a joint text either, since the Council cannot agree on a policy change by a qualified majority. In Figure 10 the set CD^i of successful proposals is thus the set of *i*-policies between the ideal *i*-policies of the Parliament and country b^i.

In the first stage the Commission successfully proposes the *i*-policy ${p_{cd}}^i$ that belongs to the set CD^i and is closest to its ideal *i*-policy. In Figure 10 this is country *b*'s ideal *i*-policy, i.e., ${p_{cd}}^i = {\hat{p}_b}^i$. The equilibrium *i*-policy ${p_{cd}}^i$ under the co-decision procedure is

farther from the Commission's ideal policy than is the equilibrium i-policy $p_{cs}{}^{i}$ under the consultation procedure, since the set CD^{i} is a subset of the set CS^{i}.

Figure 11 shows the equilibrium i-policy as a function of the location of the Commission's ideal i-policy. If the Commission's ideal i-policy is located in the set CD^{i}, the Commission successfully proposes its ideal i-policy. If the Commission's ideal i-policy is located right of the set CD^{i}, the Commission successfully proposes the most rightist i-policy in the set CD^{i}. In Figure 11 this is country b^{i}'s ideal i-policy. If the Commission's ideal i-policy is to the left of the set CD^{i}, the Commission successfully proposes the most leftist i-policy in the set CD^{i}. In Figure 11 this is the Parliament's ideal i-policy.[18]

-----Figure 11 about here-----

In the n-dimensional policy space a proposal is successful if each of its i-proposals is successful. The set CD of successful proposals is thus the set of policies such that each of its i-policies satisfies the following requirements: (1) it is preferred to the status quo by the Parliament and a qualified majority, and (2) no i-policy is preferred to it by the Parliament and a qualified majority, i.e., $CD = \left\{ p\left(p^{1},\cdots,p^{n}\right) \; s.t. \; p^{i} \in CD^{i}, \forall i \right\}$. The set CD is a subset of the set CS of successful proposals under the consultation procedure.

In Figure 12 proposals left of the southern countries' ideal policy are unsuccessful, because the Parliament and the pivotal southern countries prefer to move farther on market liberalization. The Parliament would thus successfully propose a joint text on market liberalization. Similarly, proposals under the core countries' ideal policy are unsuccessful, because the Parliament and the pivotal core countries want to move farther on cohesion. Proposals right of the policy $2\hat{p}_a^{\,1}$ that makes the pivotal southern countries indifferent to the status quo on market liberalization are unsuccessful, because the southern countries and thus a qualified majority prefer the status quo. Similarly, proposals above the policy $2\hat{p}_a^{\,2}$ that makes the pivotal core countries indifferent to the status quo on cohesion are unsuccessful, because the core countries and thus a qualified majority prefer the status quo. The other policies satisfy the above conditions and thus constitute the set *CD*.

During the policy making process the Commission successfully proposes the policy p_{cd} that belongs to the set CD and is closest to its ideal policy. Suppose the Commission's ideal policy is equal to the core countries' ideal policy in Figure 12. The Commission then successfully proposes the policy $p_{cd}\left(2\hat{p}_a^{\,1}, \hat{p}_a^{\,2}\right)$. Any Commission with an ideal policy in the shaded area would successfully propose the same policy.

4. Commission Appointment

In this section I characterize the sets of effective Commissions and the equilibrium EU Commission for any configuration of ideal policies of the countries and the Parliament and for any location of the status quo. Again, I first consider the consultation procedure and then the co-decision procedure.

The last step of the Commission appointment process consists of the actual appointment of the Commission. It was shown in Figure 4. In this step the Parliament and the countries vote on the nominated Commission. They compare the status quo to the policy that will be implemented if the Commission is appointed. Suppose the Commission can successfully propose its ideal policy, i.e., $\hat{p}_c \in CS$. Then the countries and the Parliament vote in favor of the Commission if they prefer its ideal policy to the status quo. The Commission is appointed if all countries and the Parliament vote in favor. All countries and the Parliament vote in favor if the Commission's ideal policy belongs to the unanimity set U of policies that are preferred to the status quo by the Parliament and all countries. Prior to the approval of the Treaty of Maastricht the Parliament's approval was not required. More Commissions could thus be appointed. Figure 13 shows the unanimity set U for the configuration of ideal policies used above. It is bounded by the indifference curves through the status quo of the southern and core countries and the UK.

-----Figure 13 about here-----

The set C of effective Commissions under the consultation procedure, i.e., Commissions that can be appointed and can successfully propose their own ideal policies, is then the set of Commissions whose ideal policies belong to the unanimity set U and to the set CS of successful proposals, i.e., $C = U \cap CS$. Figure 14 shows the set C of effective Commissions for the configuration of ideal policies used above. Ineffective Commissions in the shaded area cannot be appointed, because the policies they will successfully propose do not belong to the unanimity set. The other ineffective Commissions can be appointed. They cannot successfully propose their own ideal policies, but propose the policies that belong to the set CS and are closest to their ideal policies. These policies also belong to the unanimity set U.

-----Figure 14 about here-----

Prior to the votes on the Commission in the Parliament and the Council, the countries propose Commissioners, as shown in Figure 3. To be nominated the Commissioners need to be accepted by the already nominated Commission President. I assume that the Commission President can nominate a Commissioner himself, if he rejects a proposed Commissioner.

Suppose that a Commission with the same ideal policy as the Commission President is effective under the consultation procedure, i.e., it can be appointed and can successfully propose its own ideal policy. The Commission President wants to nominate such a Commission, because his ideal policy then becomes EU policy. Therefore, the Commission President nominates a Commissioner with the same ideal policy as himself whenever he rejects a proposed Commissioner.

The Commission President rejects a proposed Commissioner, if nominating the proposed Commissioner leads to a Commission with an ideal policy different from his own. The Commission's ideal i-policy is the ideal i-policy of the i-median Commissioner. The Commission President thus rejects a proposed Commissioner, if nominating him leads to an ideal i-policy of the i-median Commissioner that is different from his own ideal i-policy.[19]. If the Commission President's ideal policy does not belong to the set C, he wants the Commission's ideal policy to be the policy $\hat{p}_c \in C$ closest to his ideal policy.

The countries propose Commissioners with ideal policies equal to their own ideal policies, unless such Commissioners lead to a Commission with an ideal policy different from the Commission President's. In that case they propose Commissioners with an ideal policies equal to the Commission President's ideal policy.

The country k that is selected to propose a Commission President proposes a President whose ideal policy is in the set C of effective Commissions under the consultation

procedure. Specifically it proposes a Commission President with ideal policy $\hat{p}_{cp} \in C$ that is closest to its own ideal policy.

Under the co-decision procedure the results are analogous. The set D of effective Commissions under the co-decision procedure is then the set of Commissions whose ideal policies belong to the unanimity set U and to the set CD of successful proposals, i.e., $D = U \cap CD$. The set D is a subset of the set C of effective Commissions under the consultation procedure, since the set CD of successful proposals is a subset of the set CS of successful proposals under the consultation procedure. Figure 15 shows the set D for the configuration of ideal policies used above. The ineffective Commissions can be appointed, but they cannot successfully propose their own ideal policies. They propose the policies that belong to the set CD and are closest to their ideal policies. These policies also belong to the unanimity set U.

-----Figure 15 about here-----

5. Conclusions

The spatial theory of Commission appointment and EU policy making characterizes sets of effective Commissions, i.e., Commissions that can be appointed and can successfully

propose their own ideal policies, and sets of successful proposals, i.e., proposals that can become EU policy. It also sheds light on the impact of institutional reforms on the Commission's powers.

Under the consultation procedure a proposal is successful if it satisfies the following requirement: on each dimension a qualified majority in the Council prefers the policy the Commission proposes to the status quo. Under the co-decision procedure there are two additional requirements: on each dimension (1) the Parliament prefers the policy the Commission proposes to the status quo, and (2) there are no policies the Parliament and a qualified majority in the Council prefer to the proposal.

Effective Commissions are Commissions (1) that can successfully propose their own ideal policies, and (2) whose ideal policies are preferred to the status quo by all countries and the Parliament.

The introduction of the co-decision procedure has reduced the Commission's power by limiting the set of policies it can successfully propose and thus the set of effective Commissions. The Parliament's right to veto a Commission has further limited the set of effective Commissions by restricting the set of Commissions that can be appointed.

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[1] See, for example, Nugent (1994) for a detailed description of the EU institutions.

[2] Since the model incorporates complete and perfect information, the Commission has no particular policy expertise. One could argue that the Commission has incentives to develop such expertise, much like congressional committees do in the United States. This could be studied in incomplete information extensions of the model.

[3] The consultation procedure accounts for about two thirds of legislation (164 opinions in 1995) and the co-decision procedure for about 15 percent (35 first readings in 1995). The cooperation procedure has become less important since the adoption of the Treaty of Maastricht and is, therefore, not considered. It now accounts for about 10 percent of legislation (26 first readings in 1995).

[4] The analysis can be extended to other types of single-peaked preferences with different countries being pivotal in the Council.

[5] In general, I use the prefix *i* to refer to dimension *i.*

[6] The five largest countries (Germany, Spain, France, Italy and the United Kingdom) have two Commissioners each, the other countries have one each.

[7] In reality, other Commission Presidents would be proposed, if the first proposal did not obtain unanimity. I do not consider this possibility for simplicity's sake.

[8] The specific assumptions made for the nomination of the other Commissioners give the Commission President an important role in the nomination. This does not necessarily follow from the treaties.

[9] I assume that a country can always find a Commissioner with the ideal policy it wants. In the policy making process the Commission can be treated as a unitary actor with ideal *i*-policy equal to the ideal *i*-policy of the *i*-median Commissioner, as will be explained below. Potential Commissioners with different ideal policies can thus lead to the same

Commission, i.e., a Commission with the same ideal policy. Moreover, different Commissions can lead to the same EU policy. This will also be shown below. Since the countrie care about EU policy and potential Commissioners with different ideal policies can lead to the same EU policy, the assumption seems innocuous.

[10] I recognize that vote trading over different policy issues is possible even though germaneness rules are used and no omnibus legislation is adopted. I do not consider vote trading in this model, however. See Bueno de Mesquita and Stokman (1994) for logrolling models of EU policy making.

[11] In other words Black's median voter theorem applies (Black 1958).

[12] France, Germany, Italy and the United Kingdom have 10 votes each; Spain 8; Belgium, Greece, Portugal and the Netherlands 5 each; Austria and Sweden 4 each; Denmark, Finland and Ireland 3 each; and Luxembourg 2.

[13] To obtain a qualified majority the proposal needs the support of at least 8 countries. If 2 of the largest 5 countries vote against, the support of 11 other countries is necessary. If 3 of the largest countries vote against, no qualified majority can be obtained. Hence, $\hat{p}_a{}^i \in \{\hat{p}_3{}^i, \hat{p}_4{}^i, \hat{p}_5{}^i, \hat{p}_6{}^i, \hat{p}_7{}^i, \hat{p}_8{}^i\}$ and $\hat{p}_b{}^i \in \{\hat{p}_8{}^i, \hat{p}_9{}^i, \hat{p}_{10}{}^i, \hat{p}_{11}{}^i, \hat{p}_{12}{}^i, \hat{p}_{13}{}^i\}$, where the countries are ranked such that $\hat{p}_1{}^i$ is the ideal i-policy of the country with the most leftist ideal i-policy, $\hat{p}_{15}{}^i$ is the ideal i-policy of the country with the most rightist ideal i-policy.

[14] In reality, the Parliament can issue an opinion on the Commission proposal and the countries can unanimously amend the Commission proposal. I do not consider these opinions and amendments. The Parliament's opinions are non-binding. Therefore, they do not affect the equilibrium EU policy in a complete information model. Amendments by a unanimous Council are unlikely, since it is unlikely that the Council unanimously prefers an i-policy to the Commission's proposal. This would require that all countries have an ideal i-policy to the right (left) of the Commission's ideal i-policy.

[15] In reality, a Conciliation Committee consisting of representatives of the Parliament and the countries can negotiate a joint text. The treaties provide for a reversion policy in case of a disagreement in the Conciliation Committee. As a result, the assumption that the

Parliament proposes the joint text does not affect the equilibrium EU policy. In equilibrium the Commission determines the reversion policy by making a proposal that cannot be amended in the Conciliation Committee.

[16] In reality the countries and the Parliament do not know exactly what issues they will be dealing with over a period of five years. It seems reasonable to assume, however, that they have a good idea of the main issues that will arise, and that they have these issues in mind when appointing a Commission.

[17] The conclusions are analogous if country b^i and thus a qualified majority want to move to the left. If the status quo is between the ideal i-policies of countries a^i and b^i, there is no qualified majority for any move, and the status quo prevails.

[18] If the Parliament and countries a^i and b^i do not agree on the direction of change, the status quo prevails. If they all want to move to the left, the analysis is analogous.

[19] In particular, the Commission President rejects a proposed Commissioner if he raises the number of Commissioners to his left on any dimension to ten or more, and if the proposed Commissioner raises the number of Commissioners to his right on any dimension to eleven or more. I assume for simplicity that the 10th Commissioner is the median. In other words, in case of a tie the smaller change is assumed to win.

Figure 1: General Structure.

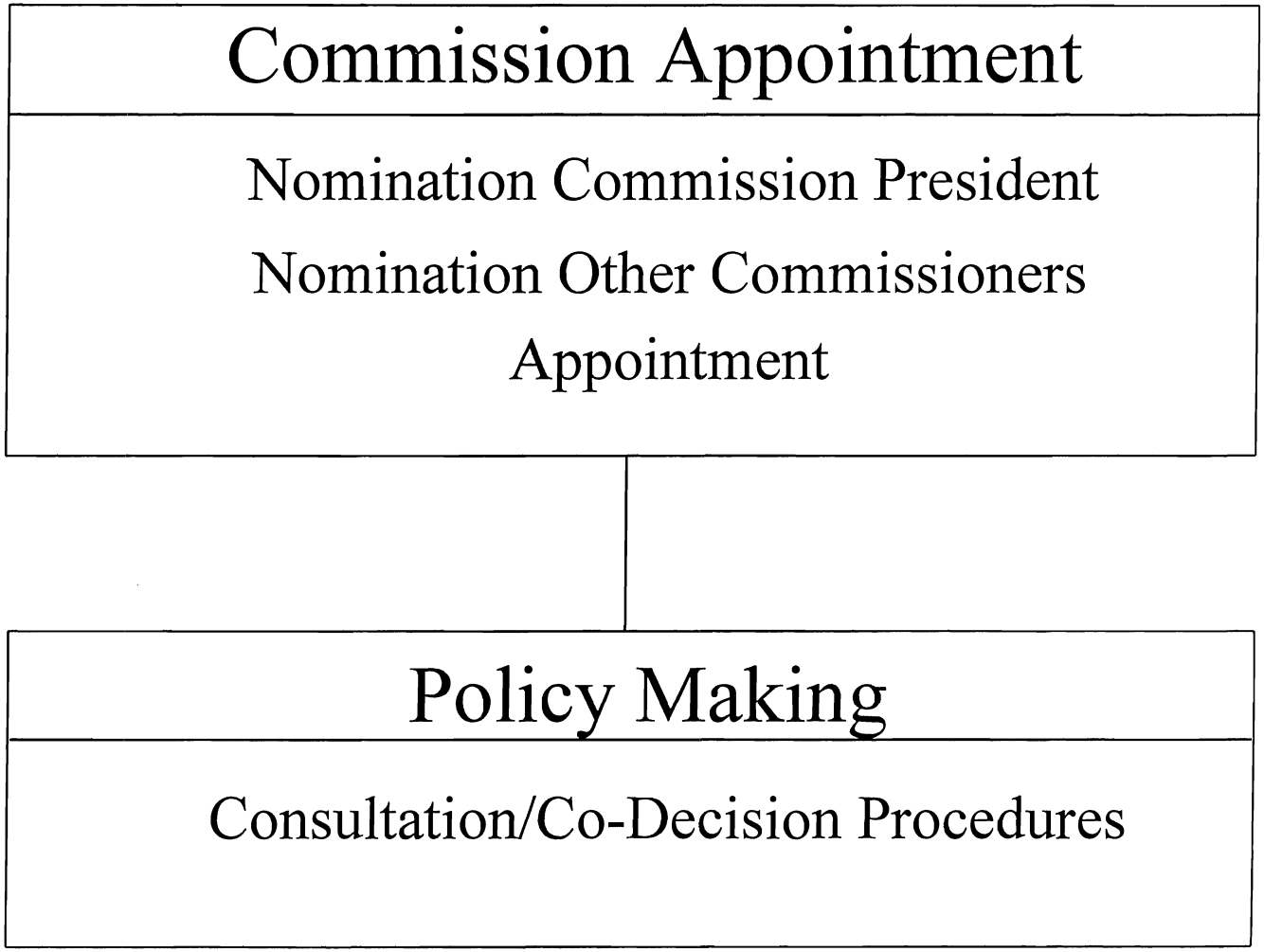

Figure 2: Nomination President.

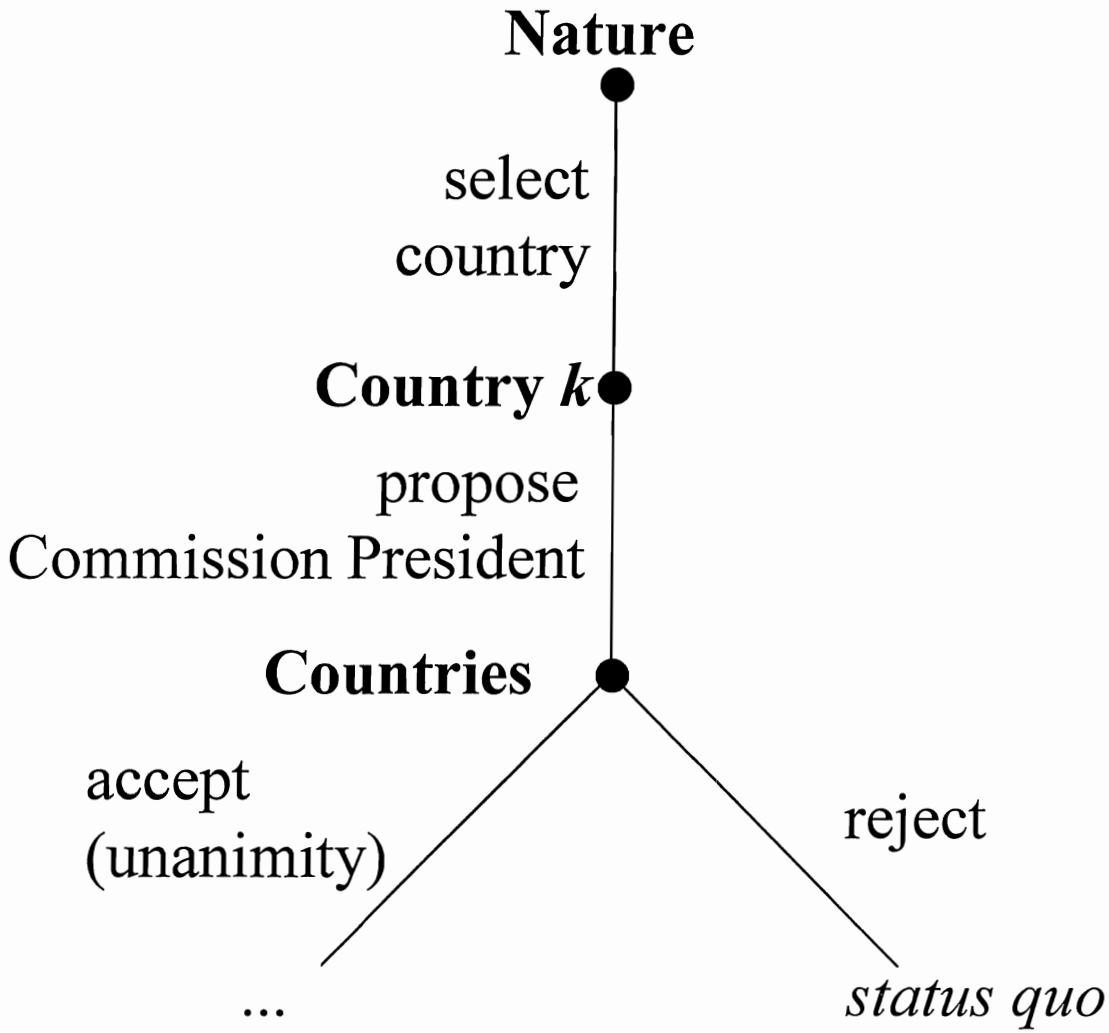

Figure 3: Nomination Commissioners.

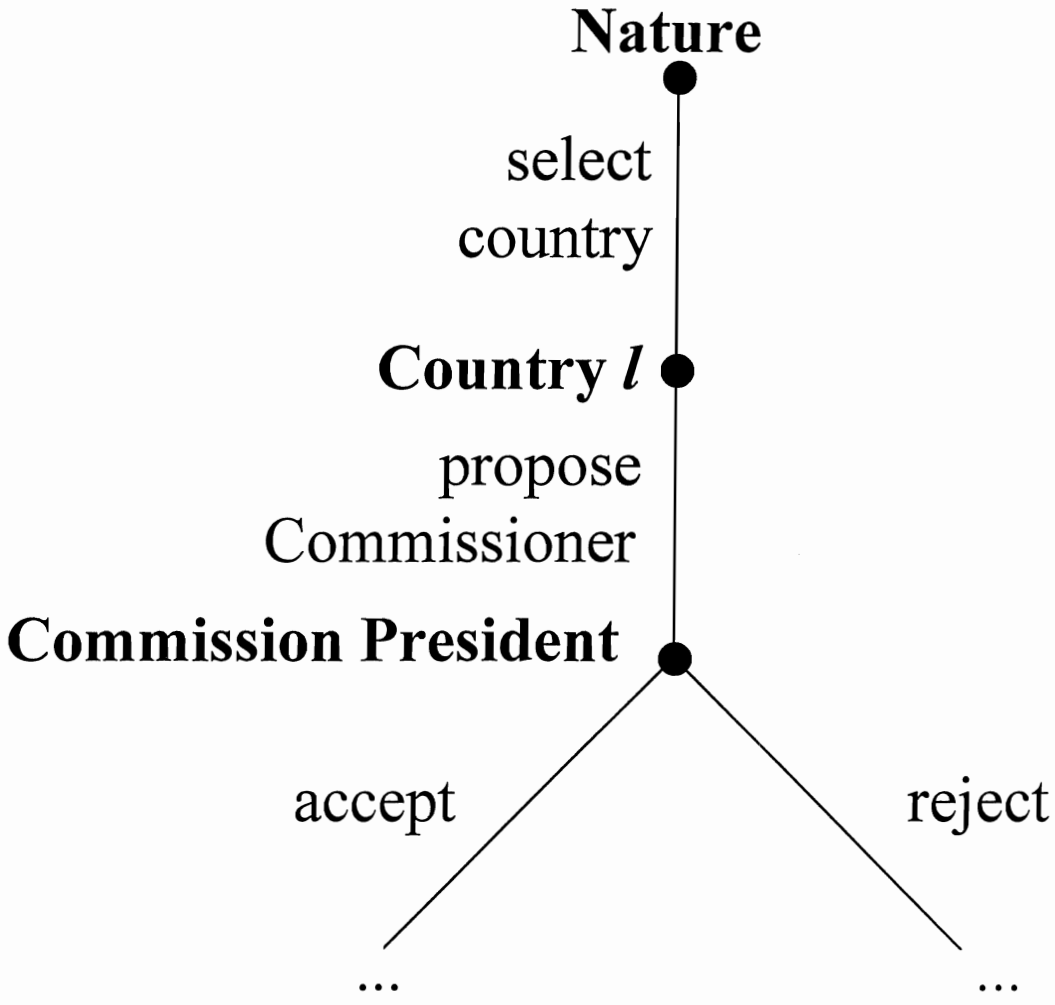

Figure 4: Appointment.

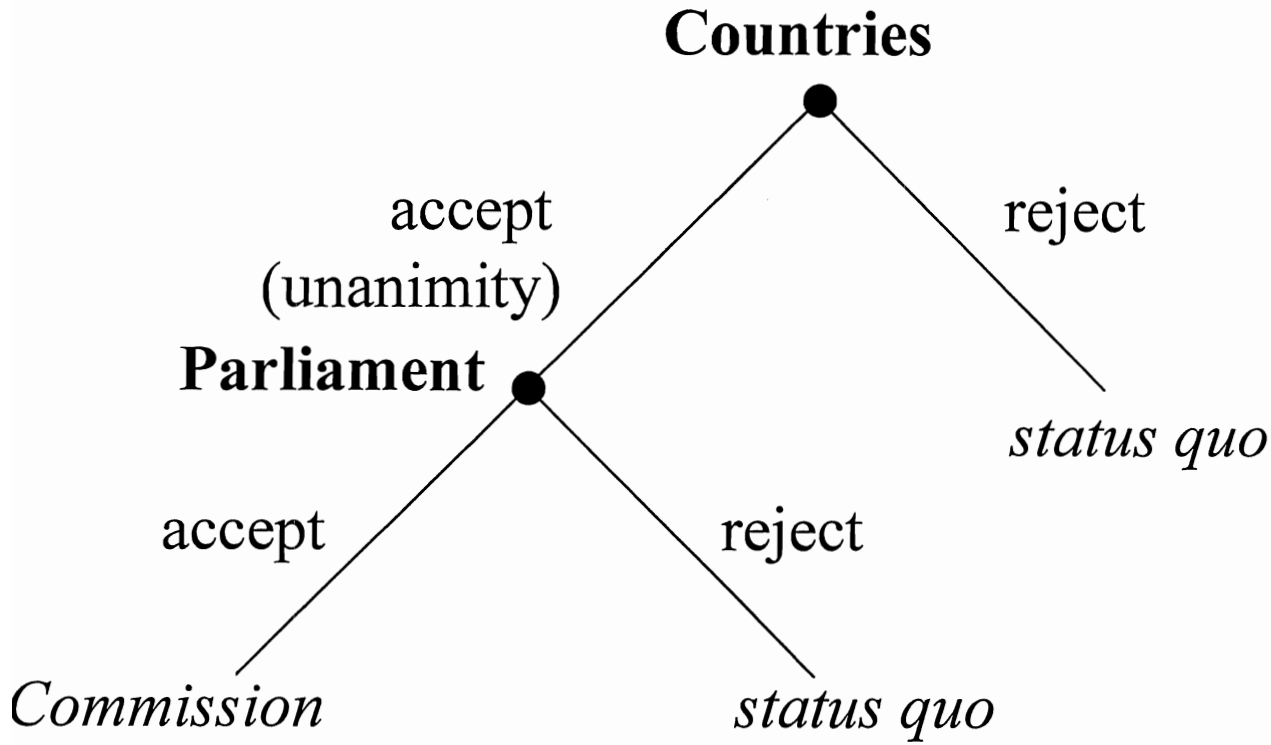

Figure 5: Consultation Procedure.

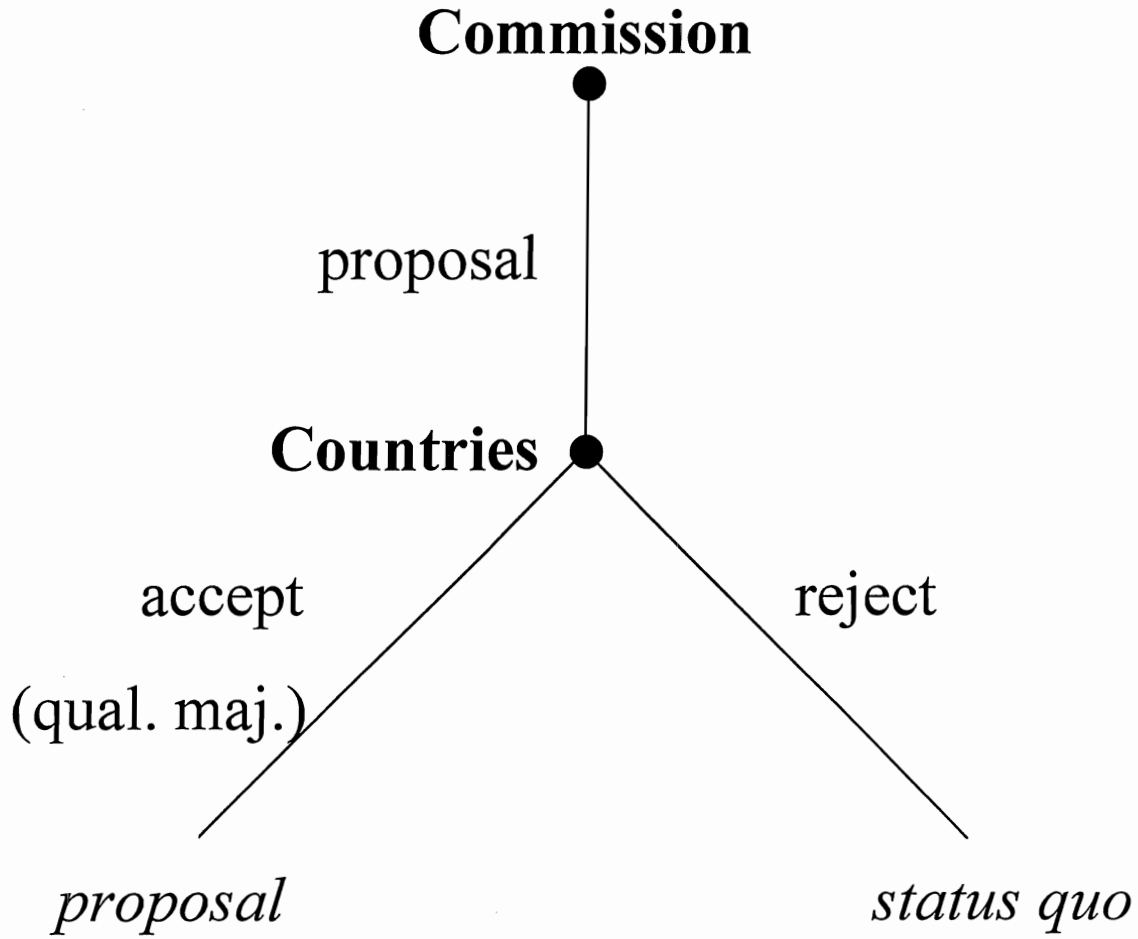

Figure 6: Co-Decision Procedure.

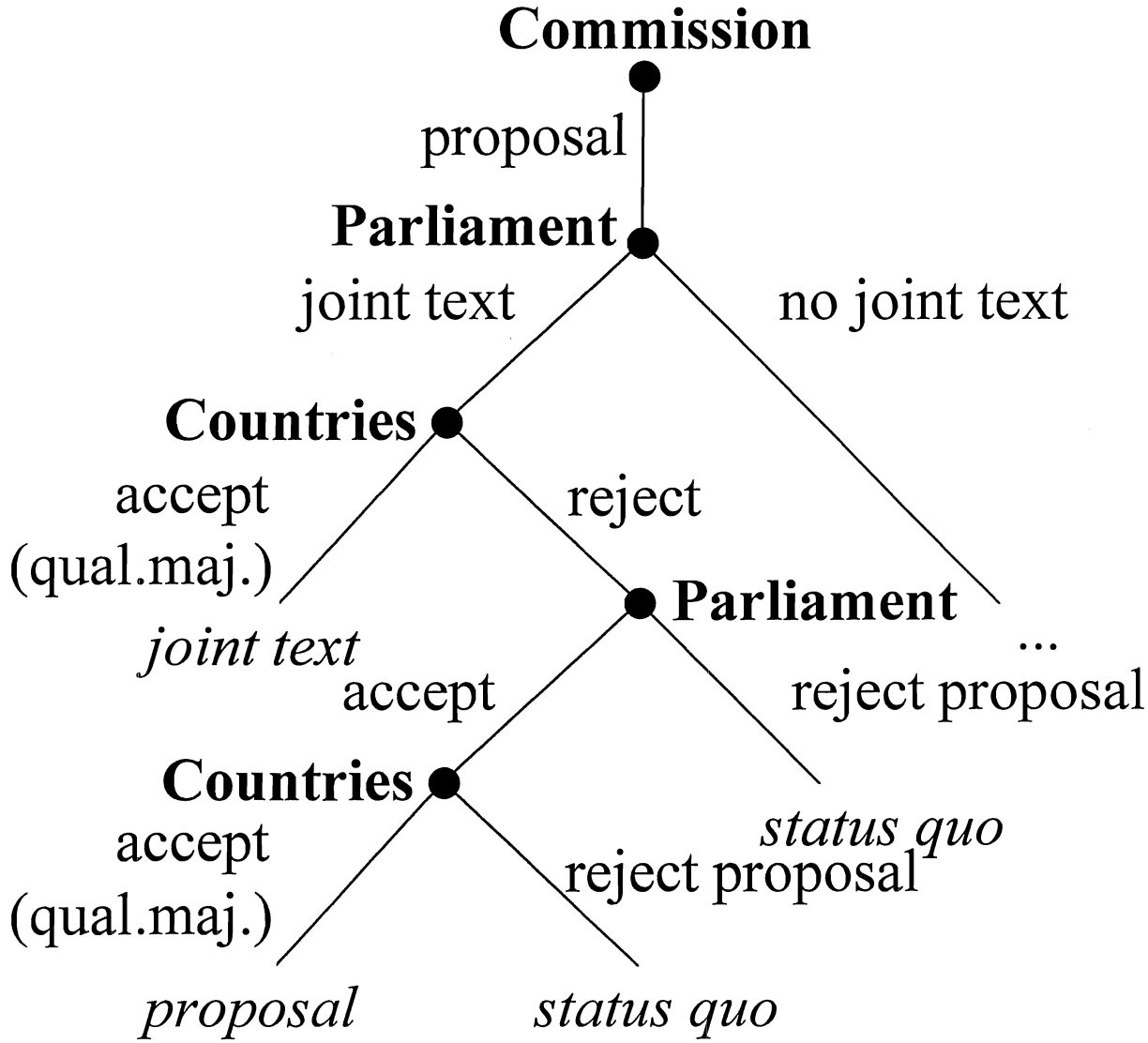

Figure 7: Consultation.

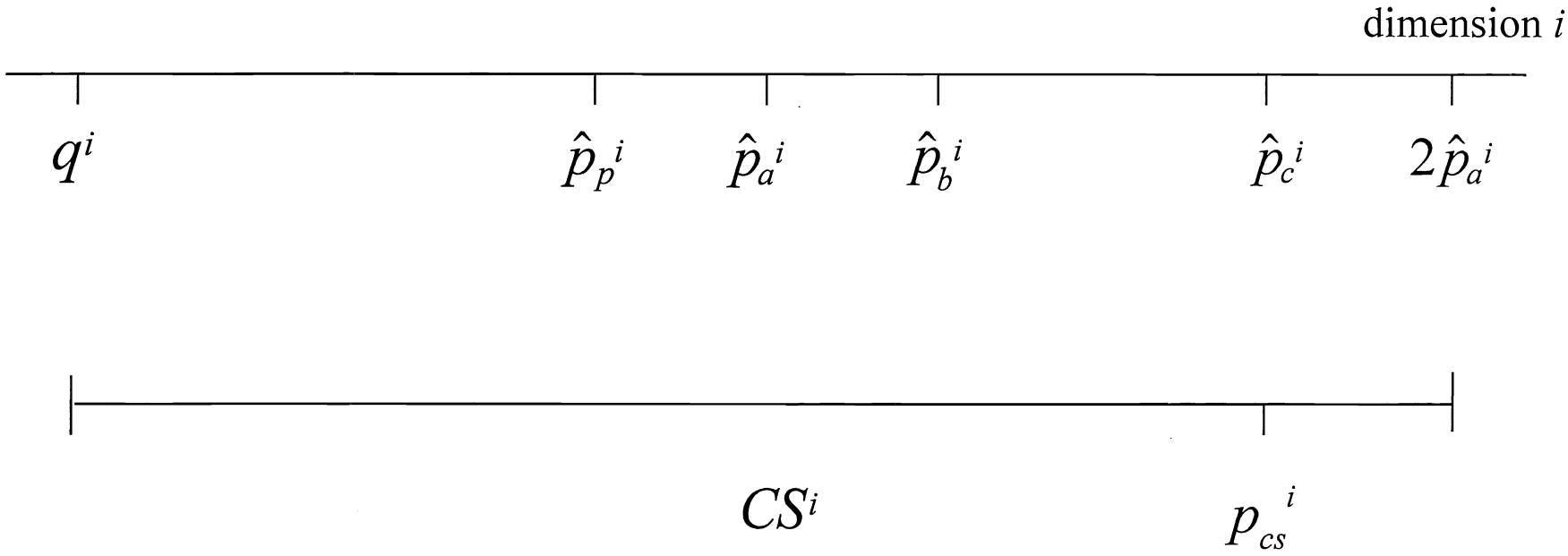

Figure 8: Consultation and the Commission.

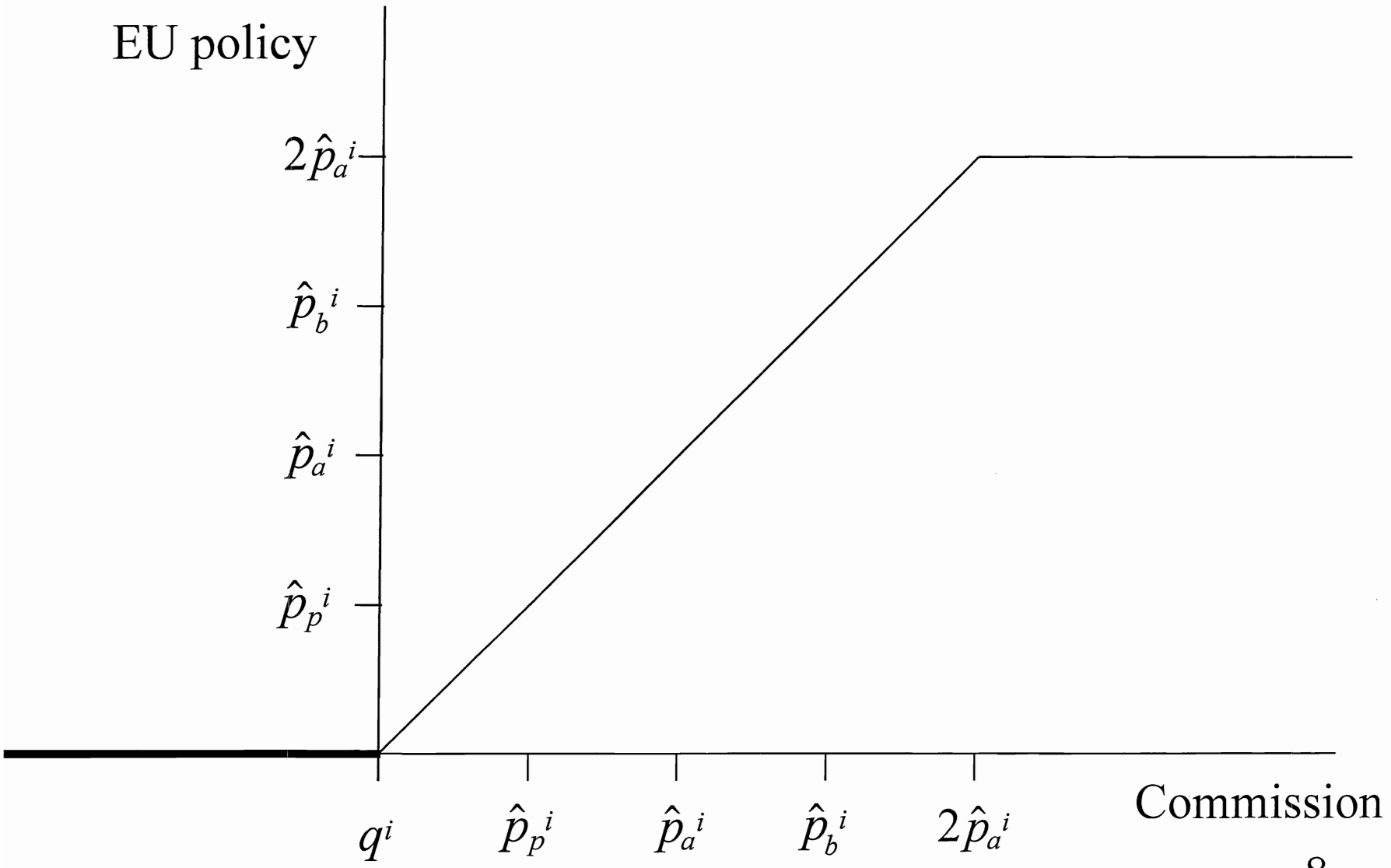

Figure 9: Consultation and Successful Proposals.

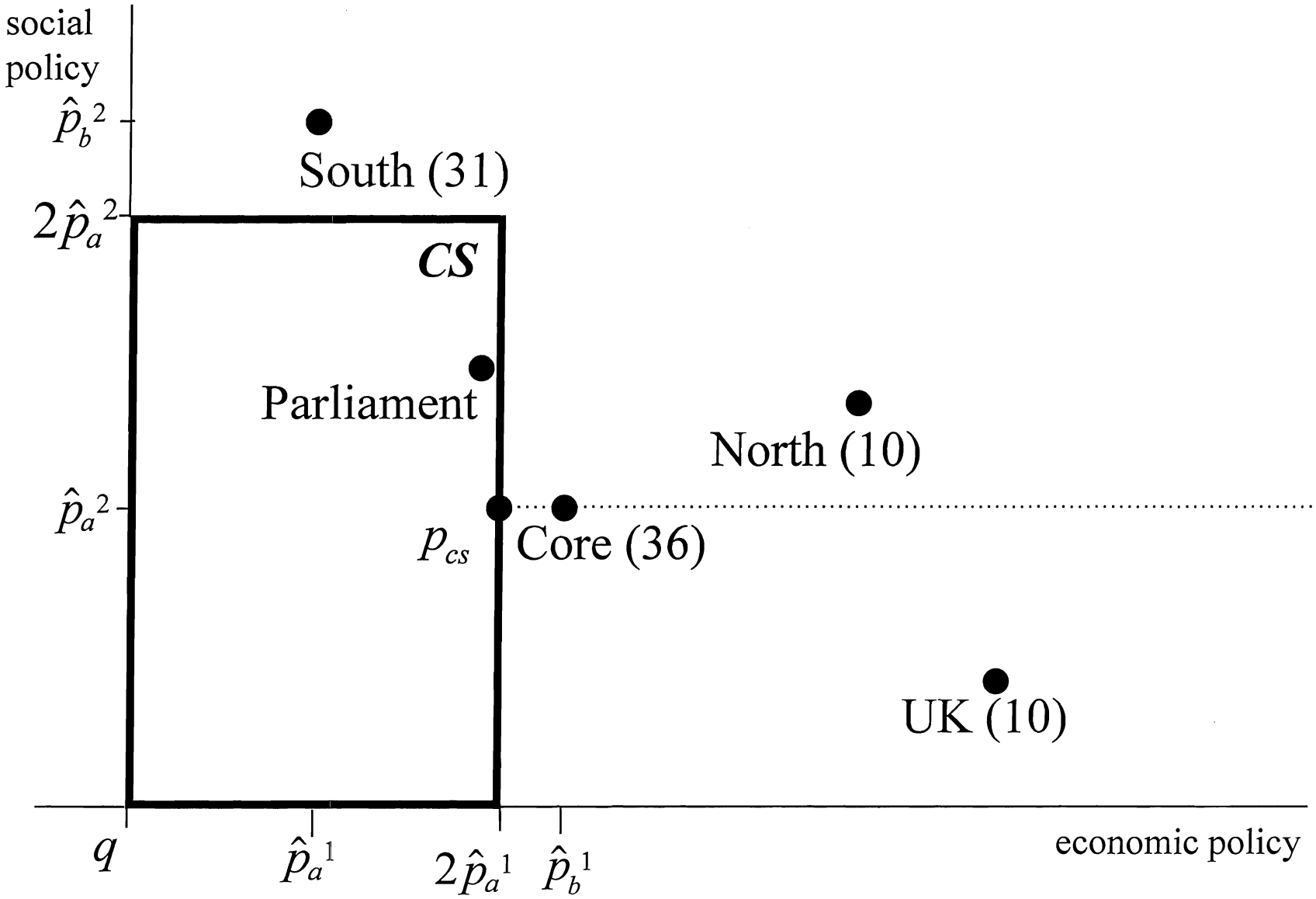

Figure 10: Co-Decision.

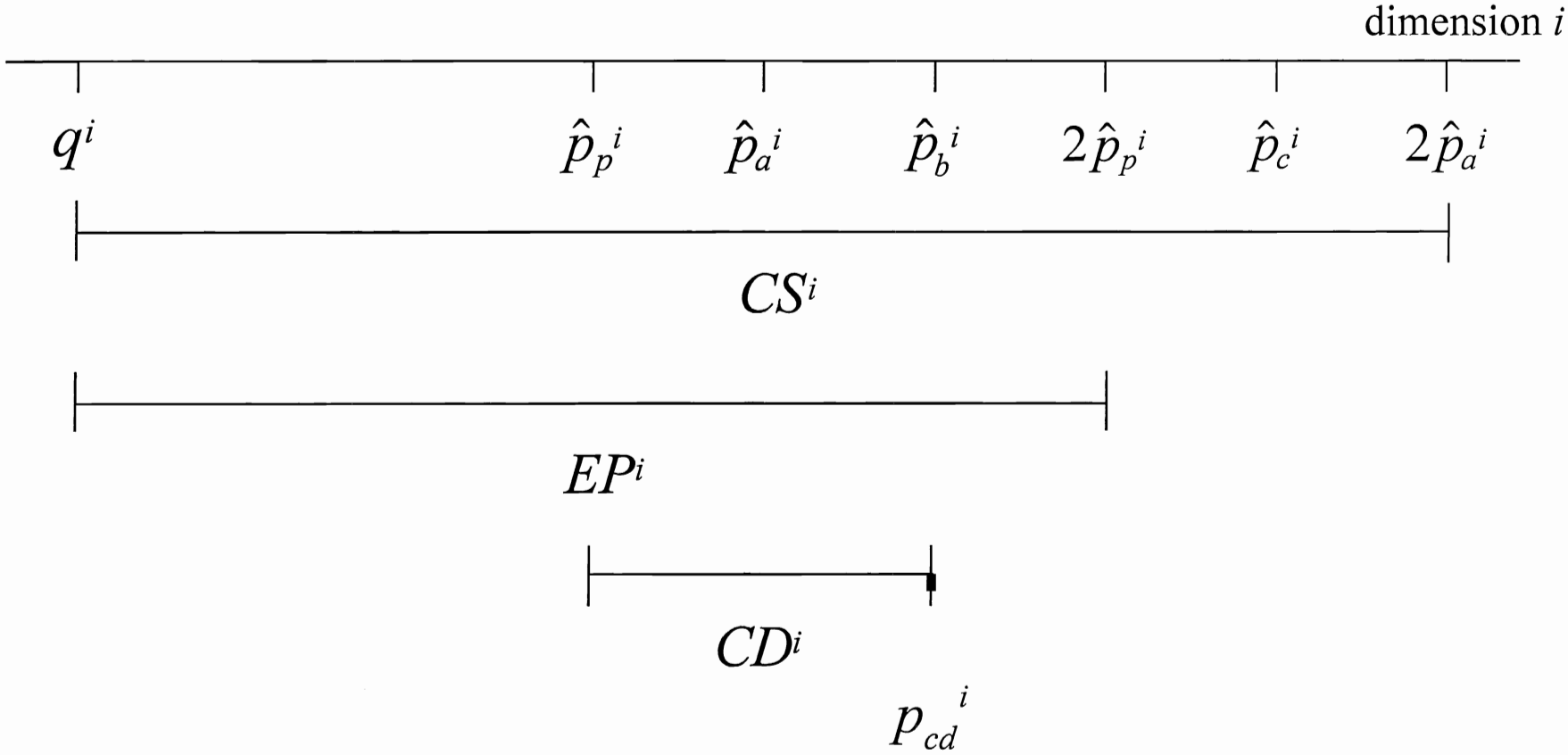

Figure 11: Co-Decision and the Commission.

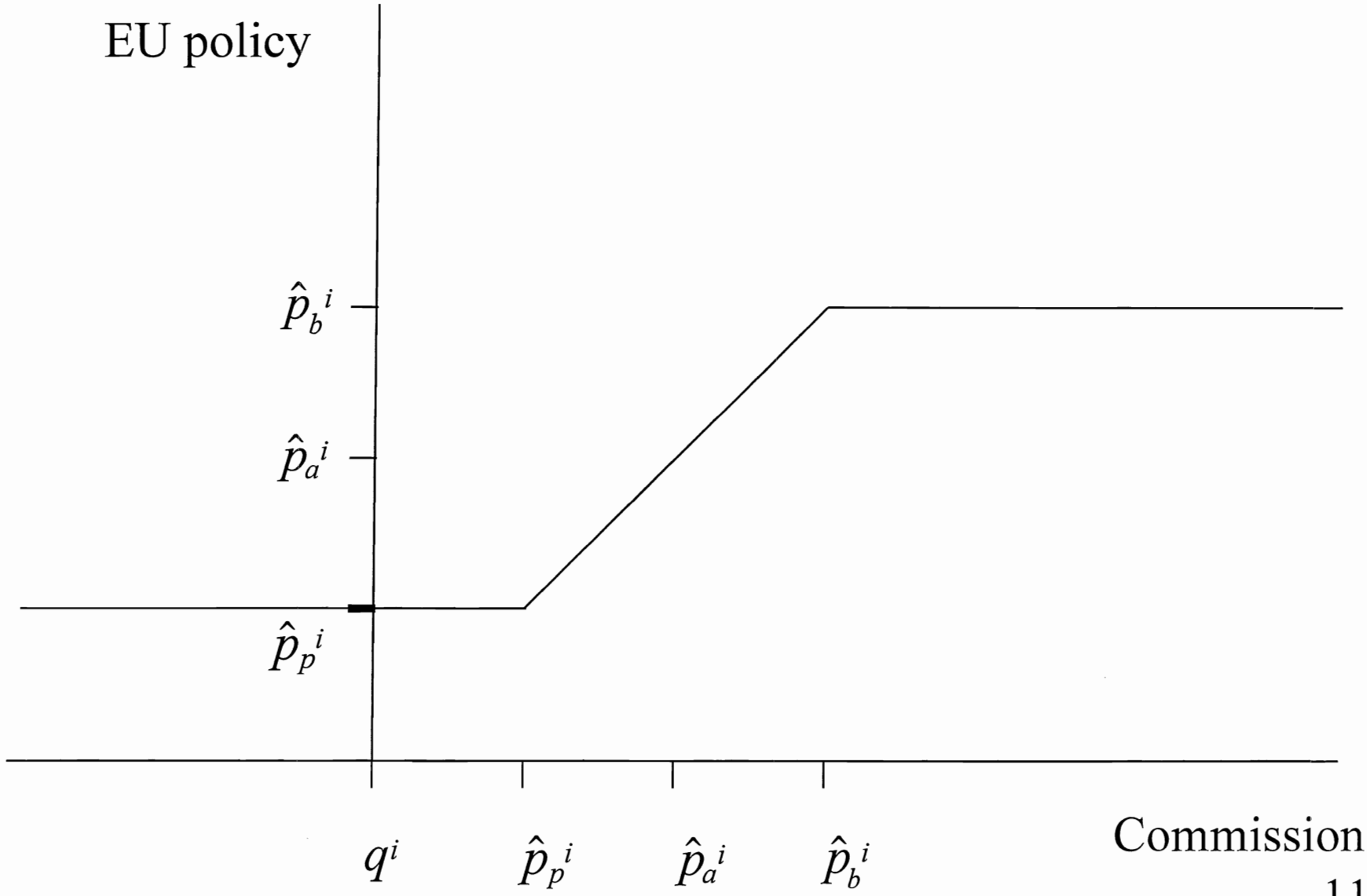

Figure 12: Co-Decision and Succcessful Proposals.

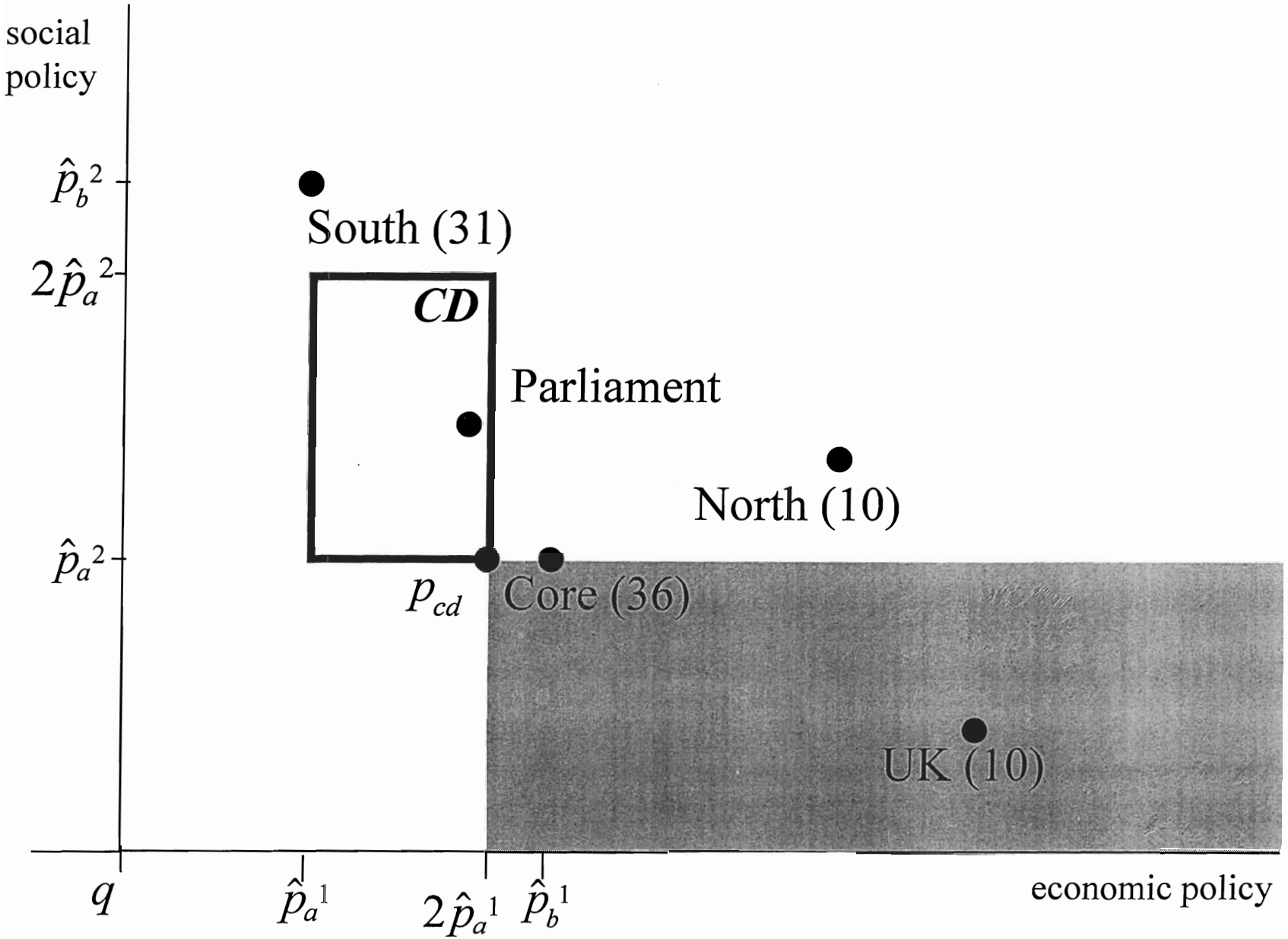

Figure 13: Unanimity Set.

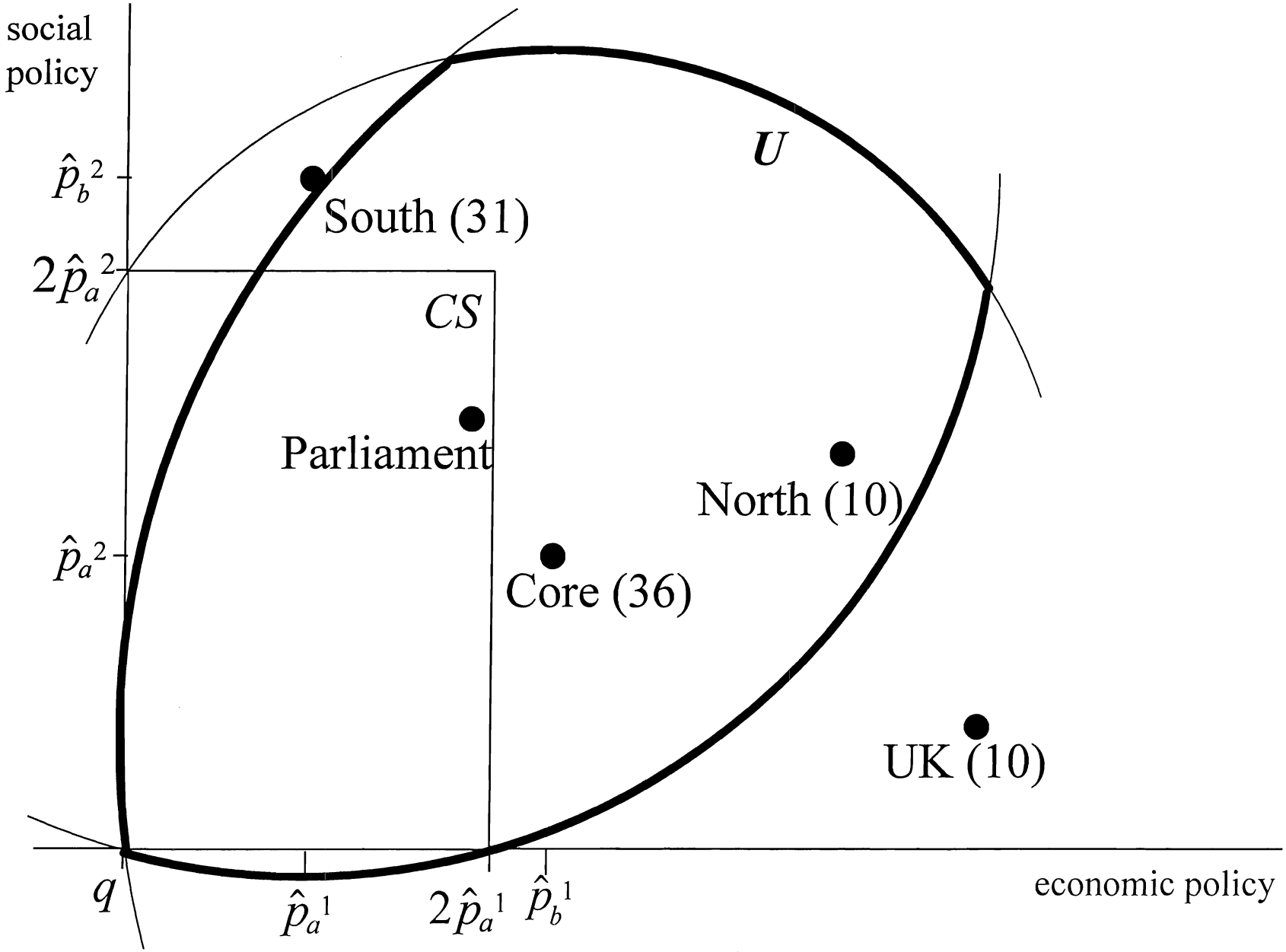

Figure 14: Consultation and Effective Commissions.

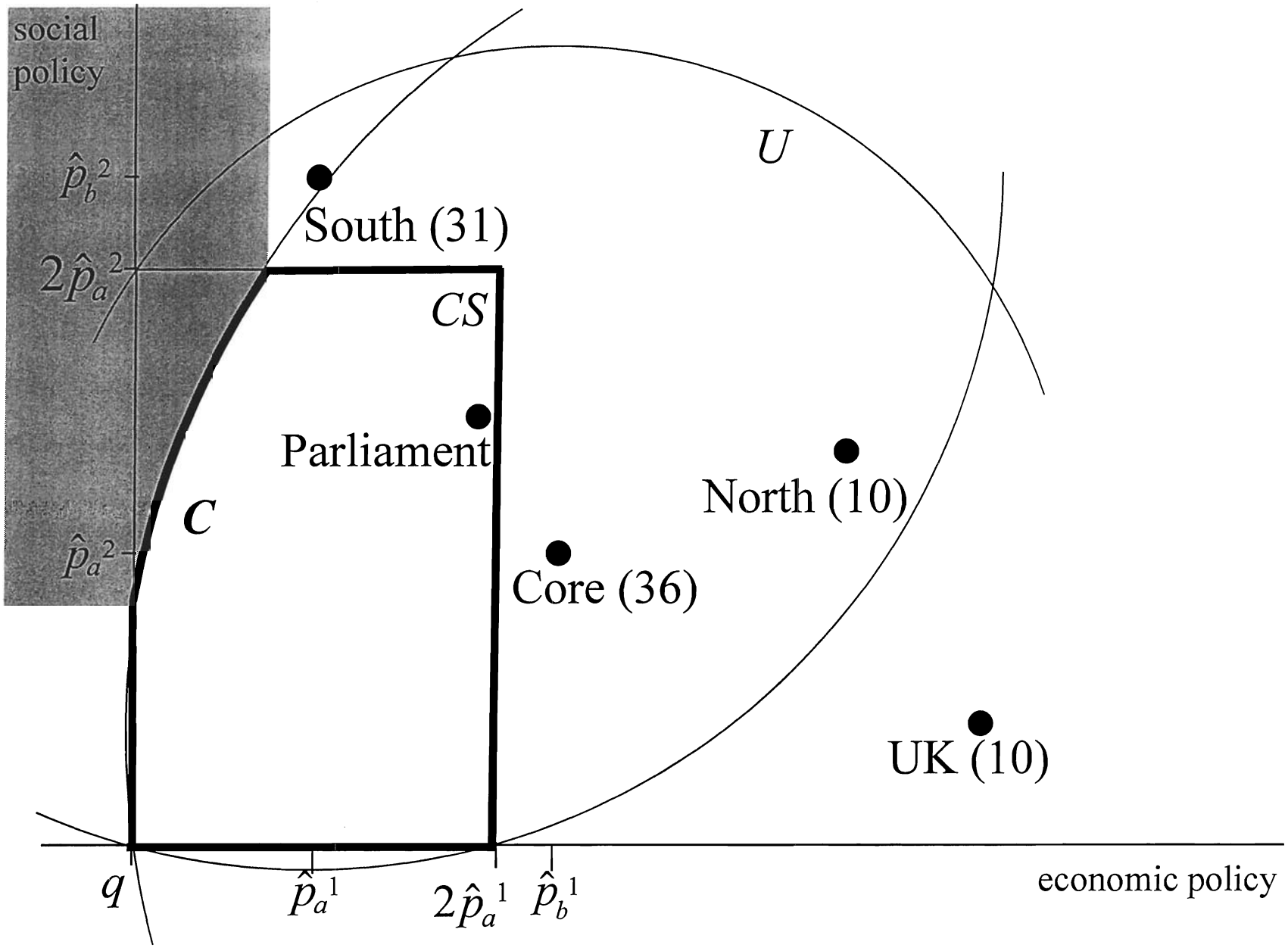

Figure 15: Co-Decision and Effective Commissions.